

EXECUTIVE SUMMARY

Financial Overview

The House Committee on Ways and Means Fiscal Year 2017 budget lays out a blueprint to reinforce the Commonwealth's strong financial position and supports continued investments in areas most critical to government's core functions. This balanced budget protects the services for our most vulnerable residents, invests in growing the Massachusetts economy, ensures every child has access to quality schools, and supports the health and wellness of our citizens.

Since the Great Recession, the Committee has remained steadfast in its role as fiscal stewards for the Commonwealth's resources. That responsibility has paid dividends, as we are making progress on our long term liabilities, maintaining our strong credit rating, and investing in the future for the residents of the Commonwealth. The Committee proposes to further these goals in the FY 2017 House Ways and Means budget recommendations by making new investments in Education, Local Aid, Substance Abuse, and Healthcare.

The Committee's budget proposes an overall level of spending of \$39.483B, a \$1.34B or 3.5% increase over the FY 2016 state budget. Increased support for Health Care expenses, State pension obligations, the MBTA, and other non-discretionary items accounts for the majority of this new spending. New discretionary funds for the remaining operations and services provided by state departments and agencies are limited to \$385M, or 1%, requiring the Committee to make smart and targeted investments with limited resources.

During the Consensus Revenue process, economists, the Legislature and the Executive Office of Administration and Finance estimated next year's tax revenue growth at \$1.109B, or 4.3%. The Committee's proposal also relies on an additional non-tax revenue from departmental sources, federal reimbursements, and operating transfers. The use of one-time resources, while essential to maintain adequate levels of services, is a practice we are committed to reducing and eliminating over time. In continuing that commitment we rely on \$253M of one-time revenue, about \$350M less than FY2016.

Understanding that the Commonwealth's ability to provide services to the residents of Massachusetts relies on our strong financial position, the Committee does not recommend a draw from the stabilization fund, and instead dedicates a substantial investment into the State's "Rainy Day" fund. The Committee proposes to increase the stabilization fund by over \$210M or 16%, to a total of \$1.470B, which will help the Commonwealth stay prepared for any fiscal uncertainty. The funding and initiatives proposed in this budget will further Massachusetts' inherent strengths and ensure that the Commonwealth is serving all of its residents in a responsible manner.

Local Aid

The House Committee on Ways and Means recognizes the partnership between the state and municipalities in delivering vital services to the residents of the Commonwealth, especially public education. Chapter 70 is the most significant source of school funding and in FY 2017 the Committee's budget proposal increases Chapter 70 aid by \$95.8M to a total of \$4.6B. This

includes a guaranteed minimum aid increase to each community of \$55 per pupil, which is more than double the fiscal year 2016 amount. Understanding that municipalities rely on local aid to provide important town services, Unrestricted General Government Aid (UGGA) is increased by \$42.1M, reflecting a 4.3% growth over FY 2016. The Committee also dedicates additional resources for a number of key municipal accounts. The proposed budget boosts funding for Special Education Circuit Breaker by \$5M, for Charter School Reimbursements by \$5M, and for regional school transportation by \$1M. With this combined \$159M increase the state is providing a historic level of local aid to all 351 cities and town of Massachusetts in FY 2017.

- Provides \$4.608B for Chapter 70 aid
- Provides \$1.022B for UGGA
- Provides \$276.6M for Circuit Breaker reimbursement
- Provides \$85.5M for Charter School reimbursement

Early Education and Care

The Department of Early Education and Care is responsible for providing high-quality and far-reaching care throughout the Commonwealth for the youngest and most vulnerable children. The Department provides funding for the care of thousands of children, and works to ensure that those from the poorest backgrounds have access to child care. The House Committee on Ways and Means budget proposal upholds this commitment to access and prioritizes new investments focused on high quality care. This includes devoting \$10M to a salary reserve to increase rates for early education providers and consolidating all quality related programmatic spending into a single account. This consolidation will allow the Department to best leverage \$31.5M in state funds to make the most impactful investments and improve quality.

- Provides \$228.4M to fund childcare for children referred by the Department of Children and Families and the Department of Transitional Assistance
- Provides \$252.5M for childcare for over 35,000 children from income-eligible families in the Commonwealth
- Provides \$10M for a salary rate reserve to increase provider salaries

Elementary and Secondary Education

A paramount responsibility of any government is to assure its citizens of a high-quality public education that provides the building blocks for a successful future. The House Committee on Ways and Means budget supports the mission of the department by making important investments in key areas, including Chapter 70 aid, special education, kindergarten expansion, student transportation, and METCO. Furthermore, the Committee's budget supports a number of grant programs that target the most at-risk students while continuing important efforts in closing the achievement gap.

- Provides \$4.608B in Chapter 70 aid, including 70% effort reduction and a \$55 per pupil minimum aid increase
- Provides \$276.6M for Circuit Breaker Special Education reimbursement
- Provides \$60M in Regional School Transportation reimbursement
- Provides \$18.6M for Kindergarten Expansion grants

Higher Education

Providing students access to high quality and affordable higher education is essential to ensuring Massachusetts is prepared for the future. To this end, the House Committee on Ways and Means budget proposal supports and expands recent investments for the state's community colleges, state universities, and University of Massachusetts system. This new funding is distributed on the basis of data-driven performance outcomes that ensure the campuses are delivering a world-class education in the most efficient way possible. In addition, the Committee provides funding for the state's scholarship programs, including the MassGrants program and high demand scholarships. The Committee also targets funding for programs that reach out to prospective college students, such as the dual enrollment program and the STEM Starter Academies.

- Provides \$508.3M for the University of Massachusetts system
- Provides \$269.6M for community colleges and \$247.8M for state universities
- Provides \$96.6M for the State Scholarship program
- Provides \$4.8M for the STEM Starter Academies

Board of Library Commissioners

The Board of Library Commissioners has the responsibility to organize, develop, coordinate, and improve library services throughout the Commonwealth. The Commission provides several programs that aid in strengthening the state's free public libraries as well as providing library services to all residents. Recognizing the importance of local libraries as a center for information, arts, and civic life for communities, the Committee continues its support for libraries and the many services they provide.

- Provides \$9.9M to State Aid To Regional Public Libraries
- Provides \$9M for Municipal Libraries

Judiciary

The Judiciary is responsible for adhering to and upholding the Massachusetts General Laws as well as laws put in place by the Constitution of the United States. The House Committee on Ways and Means continues to support the Judicial branch by ensuring every citizen has access to justice, through the court system. The Committee's proposal furthers this mission by providing a \$1M increase to civil legal aid for those in need, and a \$2.8M increase to expand specialty court sessions across the Commonwealth. The Committee's budget recommendation continues to recognize the importance of maintaining justice for all citizens of the Commonwealth while fulfilling the judicial and constitutional obligations of the state of Massachusetts.

- Provides \$639.8M for the Trial Court, including \$6M for Specialty Courts
- Provides \$172.7M for the Committee on Public Counsel Services
- Provides \$18M for Massachusetts Legal Assistance Corporation
- Provides \$13.1M for the Appeals Court
- Provides \$8.8M for the Supreme Judicial Court

Administration and Finance

The agencies under the Executive Office for Administration and Finance are responsible for executing fiscal and administrative policies, enforcing the tax laws, providing health insurance for municipal and state employees, and the procurement of the physical and technological necessities for state agencies. Together these services help to ensure that state government is effective and efficient. The House Committee on Ways and Means budget proposal empowers and supports these agencies in carrying out their operations.

- Provides \$165M for the Massachusetts Office of Information Technology
- Provides \$100.3M for the Human Resources Division
- Provides \$21.2M for the Operational Services Division

Transportation

The Department of Transportation is critical to the success and efficiency of our state. It serves as a key factor in the Commonwealth's ability to remain at the forefront of economic opportunity. It is essential that the transportation system provides a safe, dependable, and reliable commute for all consumers. The House Committee on Ways and Means budget recommendation enables the Department to meet the increasing demand for public transportation and provides them with the ability to maintain and improve core services.

- Provides \$327.7M for MassDOT
- Provides \$187M for the MBTA
- Provides \$80M for the Regional Transit Authorities

Energy and Environment

From the Berkshires to Cape Cod, Massachusetts has an array of open space, working landscapes, and natural resources. Preserving and protecting these lands and waters while providing opportunities for outdoor recreation and access to parks, beaches, and farms is an important mission of the Executive Office of Energy and Environmental Affairs. The House Committee on Ways and Means renews its support to these vital services while also protecting the health and safety of the Commonwealth's residents.

- Provides \$83.7M for the Department of Conservation and Recreation
- Provides \$51.3M for the Department of Environmental Protection
- Provides \$22.1M for the Department of Agriculture, including the Massachusetts Emergency Food Assistance Program, which will provide 20M meals in FY 2017

Health and Human Services

As the largest Secretariat, the Executive Office of Health and Human Services provides a wide array of services including health care coverage to low income citizens, temporary assistance to needy families, assisting disabled individuals, protecting the welfare of vulnerable children, providing benefits to our veterans, supporting our senior citizens, and promoting wellness and health equity for all people in the Commonwealth. The FY 2017 House Committee on Ways and

Means proposal balances fiscal responsibility while maintaining the existing level of high quality services.

MassHealth

The House Committee on Ways and Means budget proposal includes \$15.4B for MassHealth programs, which will provide coverage to millions of members. This funding level limits spending growth to 5%, while maintaining member benefits and eligibility. This budget proposal supports enhancements to the eligibility systems, caseload management and program integrity efforts, especially in the area of long term care, which ensures that our significant investments are being well spent, which is crucial to providing healthcare to some of the Commonwealth's most vulnerable residents.

Department of Public Health

The Department of Public Health works to ensure citizens of the Commonwealth enjoy the highest quality of life possible. The Department aims to achieve health equity and wellness by providing a network of public health hospitals, as well as substance abuse services, domestic violence services, and HIV/AIDS prevention services. For FY 2017, the House Committee on Ways and Means proposal builds on recent investments and supports programs helping to prevent opiate abuse and foster recovery. The proposal adds 150 new residential recovery beds and allocates \$2M specifically for 46 new transitional support services beds.

- Provides \$157.7M for Lemuel Shattuck Hospital, Mass Hospital School, and Tewksbury Hospital
- Provides \$126.6M for the Bureau of Substance Abuse Services to add 150 residential recovery and 46 transitional support beds to fight opioid addiction in Massachusetts
- Provides \$32.9M for HIV/AIDS prevention and treatment to reduce the number of HIV infections
- Provides \$27.4M for Early Intervention Services to increase positive developmental outcomes for infants with potential developmental delays

Department of Children and Families

The Department of Children and Families, through family support and stabilization services, foster care and guardianship services, promotes and ensures the safety of children in the Commonwealth and strives to protect them from abuse and neglect. The House Committee on Ways and Means recognizes the complexity of the work, and recommends \$23M in increased funding for the Department. This funding will annualize and increase staffing levels and programs designed to produce strong families and keep children safe.

- Provides \$282.8M for Stabilization, Reunification, Foster Care, and Permanency Services
- Provides \$265.1M for Group Care Services
- Provides \$46.9M for Family Support and Stabilization Services
- Provides \$7.4M for Family Resource Centers

Department of Youth Services

The Massachusetts Department of Youth Services is charged with rehabilitating youths through a continuum model of services and supervision. The House Committee on Ways and Means budget proposal understands the importance of instilling positive change through education and skill development for the youths in the Department's care. As part of their core mission the Department will continue to operate effective programs by partnering with communities, families, and other government programs to prevent youth crime and protect the public.

- Provides \$116.4M for Committed Residential Youth
- Provides \$27.1M for Pre-Trial Detention Programs
- Provides \$23.2M for Non-Residential, Community-Based Programs
- Provides \$3.2M for Enhanced Teacher Salaries
- Provides \$2.3M for the Alternative Lockup Program

Department of Mental Health

The Department of Mental Health aims to assure each citizen affected by mental illness is provided with adequate supports and services to enable individuals to live, work, and participate in their communities. The House Committee on Ways and Means budget recommendation focuses on maintaining community support and placements for the individuals which the Department serves. The Committee also supports the Commonwealth's commitment to combating substance abuse by completing the annualization of 45 beds at Taunton State Hospital for women battling addiction in the Commonwealth.

- Provides \$382.7M for Adult Community Mental Health Services
- Provides \$205.8M for State Psychiatric Hospitals to complete the annualization of 45 beds for the Women's Substance Use program at Taunton State Hospital
- Provides \$88M for Child and Adolescent Mental Health Services, including \$3.6M for the Massachusetts Child Psychiatry Access Project

Department of Developmental Services

The Department of Developmental Services aims to provide the opportunity for adults and children with developmental disabilities to have meaningful participation in their communities. The House Committee on Ways and Means continues to advocate for the integration of individuals with developmental disabilities within their given communities, while also being cared for by loving family. The Committee's recommendations expands access to Respite and Adult Family Supports by \$5M in acknowledgement of the myriad of benefits that come from allowing individuals to remain in their own homes.

- Provides \$62.7M for Adult Family Supports Transitional Assistance
- Provides \$192.2M for Community Based Adult Day and Work Programs
- Provides \$1.1B for Vendor Operated Residential Services

Department of Transitional Assistance

The Department of Transitional Assistance assists economically disadvantaged individuals and families of the Commonwealth and puts them on a path towards a better quality of life. Through

programs that enable access to food and nutritional assistance, employment services and cash benefit programs, the Department is able to strengthen these individuals and families. The Committee's proposal preserves all existing benefit eligibilities and seeks to maintain an appropriate level of services for those most in need.

- Provides \$203.9M for Transitional Aid to Families with Dependent Children Grant Payments, which provides cash assistance to eligible families in need
- Provides \$79.2M for the Emergency Aid to the Elderly, Disabled and Children program
- Provides \$10M for the Teen Structured Settings Program, which assists low-income teen parents in the Commonwealth

Veterans' Affairs

Protecting and defending the Commonwealth and the nation is a sacrifice that veterans and their families make every day. The critical programs that serve the veterans once they return home include education, housing, employment and training, health and well-being, as well as cash and annuity payments. The House Committee on Ways and Means thanks the men and women who have served in protecting our freedom and continues our commitment to support these brave citizens.

- Provides \$77.4M for Veterans Benefit Payments
- Provides \$51.7M for Soldiers' Homes in Chelsea and Holyoke
- Provides \$2.9M for Veterans' Homeless Shelters
- Provides \$3.1M for Veteran' Outreach Centers

Department of Elder Affairs

The Department of Elder Affairs serves the elders community in the Commonwealth by providing services such as home care and caregiver support, nutrition programs, and protective services programs that are provided through a network of Aging Service Access Points and Councils on Aging across the state. The House Committee on Ways and Means understands the changing demographics of Massachusetts and the importance of supporting the growing number of seniors. Therefore, Committee's budget recommendation, for the second year in a row, increases the Formula Grant from \$9 per elder per year, to \$10 per elder per year, a \$1.3M investment.

- Provides \$101.5M for the Elder Home Care Purchased Services Program
- Provides \$74.3M for the Elder Enhanced Home Care Services Program
- Provides \$14.1M for the Grants to Councils on Aging
- Provides \$5.7M for the Supportive Senior Housing Program

Housing and Community Development

Helping families and individuals attain safe, decent, and affordable housing opportunities is the core mission of the Department of Housing and Community Development. The House Committee on Ways and Means budget recommendation preserves existing eligibility requirements for shelter while also maintaining the substantial investments made to the

homelessness prevention programs administered by the Department. In addition, the Committee once again recommends an increase to the already historic funding levels for the Massachusetts Rental Voucher Program. These new funds will bring the investment in the program to \$100M and will allow for 375 additional vouchers to be issued to homeless families, individuals, and veterans.

- Provides \$100M for the Massachusetts Rental Voucher Program
- Provides \$65.5M for Public Housing Authorities
- Provides \$31.9M for the HomeBASE Program
- Provides \$12.5M for the Residential Assistance for Families in Transition Program
- Provides \$2.6M for Housing Consumer Education Centers

Economic Development

The Executive Office of Housing and Economic Development strives to stimulate sustainable economic growth throughout the Commonwealth. The House Committee on Ways and Means budget recommendation seeks to assist the Secretariat in achieving this goal by making investments in small businesses and technological innovations, ensuring a fair and competitive business environment, and by nurturing the economic development of urban areas. In addition, the Committee recognizes and supports tourism as a key player of the Massachusetts economy by providing funds to the Massachusetts Office of Travel and Tourism and the 16 Regional Tourist Councils to attract domestic and international tourists to the Commonwealth's cities, towns, and historic sites.

- Provides \$6M for Regional Tourist Councils Assistance
- Provides \$4.3M for the Massachusetts Office of Travel and Tourism
- Provides \$3M for the Urban Agenda Economic Development Grant Program
- Provides \$2M for Small Business Technical Assistance Grants
- Provides \$2M for the Big Data Innovation and Workforce Fund
- Provides \$1.5M for the Massachusetts Office of Business Development
- Provides \$1.2M for the Small Business Development Center at the University of Massachusetts Amherst
- Provides \$1M for the Transformative Development Fund

Labor and Workforce Development

The Office of Labor and Workforce Development is comprised of five offices with the common goal of helping residents of Massachusetts navigate the labor market. The Offices focus on workforce training and education, while also providing services and resources to the unemployed. In addition to these services, the Offices also seek to ensure a safe, healthy, and fair working environment for all. The House Committee on Ways and Means supports these efforts to create a strong workforce for the Commonwealth.

- Provides \$9M for Summer Jobs for At Risk Youth
- Provides \$4M for One Stop Career Centers
- Provides \$2.5M for the Department of Labor Relations

- Provides \$1.3M for the Massachusetts Manufacturing Extension Partnership

Public Safety & Security

The House Ways and Means Committee budget recommendation supports funding to the Executive Office of Public Safety and Security agencies as well as the Sheriffs' Departments and other public safety entities. The Committee's recommendation will allow them to continue or expand upon the vital services that they provide to the people of the Commonwealth. These agencies provide a variety of services including promoting public safety, preparing offenders for successful reentry into society, enforcing state laws, and safety preparedness. Through targeted investment in a fiscally prudent manner, the Committee's budget recommendation recognizes the importance of ensuring the safety and security of every person of the Commonwealth.

- Provides \$607.5M for the Department of Correction
- Provides \$573.9M for the Sheriffs' Departments
- Provides \$378.9M for the Department of State Police, which includes 150 new graduates
- Provides \$2.5M for a new Community-Based Policing Grant to address substance abuse and promote other community engagement programs